Saskatchewan
Property Management
Corporation

# Annual Report 1987-88

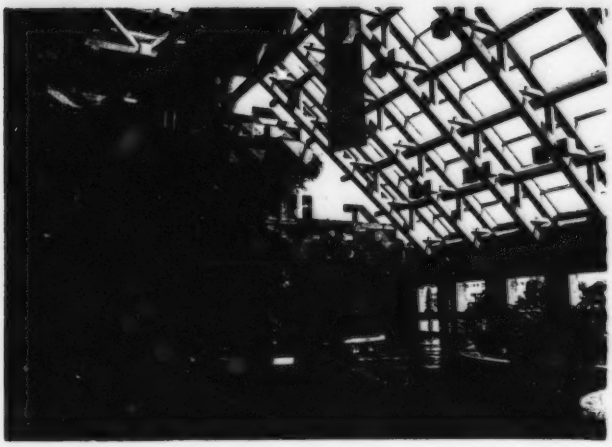
89-03391/

**CORRECTION NOTE:**

**The color key for the bar graph on page 5 (Square Metres of Property) is incorrect. The colors have been reversed. In the graph, office property is represented by the lighter blue; other property by the darker.**

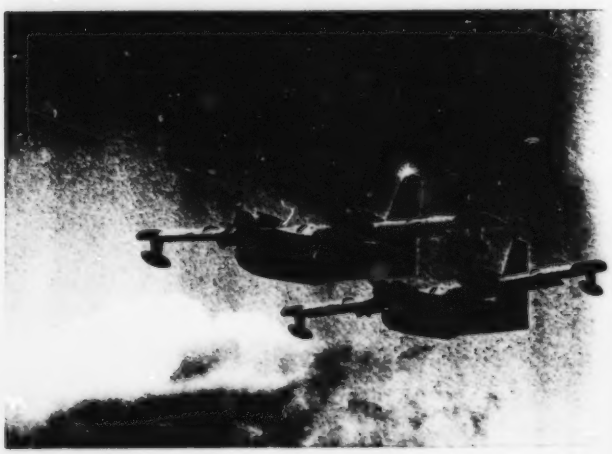
Front entrance, Wolseley Lakeside Nursing Home

A large outdoor deck, an indoor courtyard area as well as smaller resident's lounges and a beauty parlour are intended to enhance a sense of community.



New Home for Mackenzie Art Gallery

This interior shot depicts the foyer of the T.C. Douglas Building, the future home of the Mackenzie Art Gallery. Natural foliage, life size sculptures and Saskatchewan artwork enhance the majestic design of this lobby. Designed by Arnott MacPhail, Johnstone Assoc. Ltd., the government offered the west wing of the facility to house the gallery.



Saskatchewan welcomes the Canadair CL 215s

Since April 1987, Saskatchewan's resources have been protected against fire by the world's only aircraft specifically designed for the task. The Canadair CL 215s have proven themselves to be effective and reliable performers. They will continue to protect lives and property for many decades to come.

About the Cover
Wolseley Lakeside Nursing Home

Designed by Architects in Association of Regina in partnership with Ratner Realty Wolseley Ltd, and Tricor Construction Ltd., Lakeside Nursing Home blends with its natural and peaceful setting. The shape of the building fits the curved shoreline that it is built on. The design enhances the connection with the community through use of a swinging bridge.

# Letter of Transmittal

*Hon. Graham Taylor*
*Chairman of the Board of Directors*

Regina, Saskatchewan
June 17, 1988

To His Honour
The Honourable Frederick W. Johnson
Lieutenant Governor of the Province of
Saskatchewan

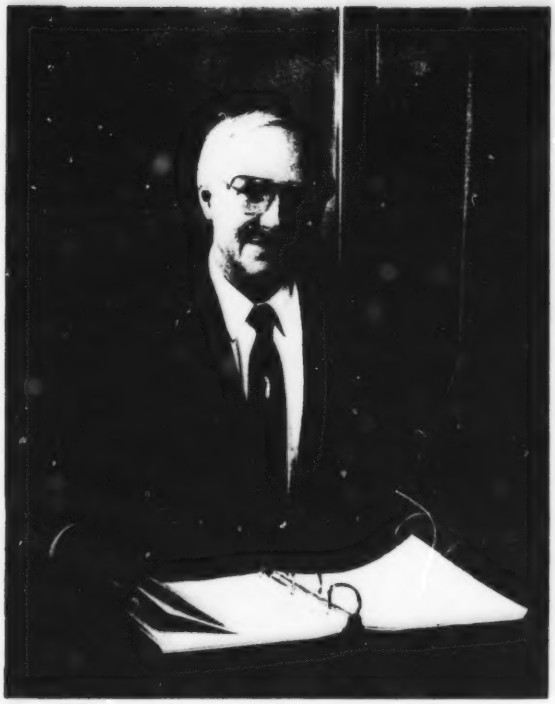
Sir,

I have the honour to submit herewith the Annual Report of the Saskatchewan Property Management Corporation for the period April 1, 1987, to March 31, 1988. Included are financial statements for the year duly certified by Deloitte Haskins + Sells, chartered accountants, and in a form approved by the Treasury Board, all in accordance with the Saskatchewan Property Management Corporation Act.

I have the honour to be, Sir,
Your obedient servant,

Graham Taylor
Minister Responsible for
Saskatchewan Property Management Corporation

## Message From the President



*Otto Cutts*
*President*

The key factor conditioning and shaping the corporation's evolution since its establishment March, 1986 has been our unqualified commitment ... a commitment to our clients, a commitment to a simplified approach to business and a commitment to improved cost effectiveness. We've been able to achieve our goals because of the flexibility of our work force and employee team work.

I am pleased with our second year of operation and will comment in some detail on a few of the special projects undertaken this year.

One of the corporation's most notable projects was spearheading the acquisition of four Canadair CL 215 aircraft. Under the terms of the Federal/ Provincial Co-operative Supply Agreement, the province purchased two planes and the federal government matched the purchase with two additional aircraft. Built specifically for forest fire suppression, the CL 215s are valued at $6.5 million each and will complement our existing air tanker fleet, almost doubling current water delivery capability.

The corporation's construction activity during 1987-88 included completion of Phase One renovations to the former Canadian Forces Base at Yorkton. This project is a major government initiative to combat teenage substance abuse. Named the Whitespruce Youth Treatment Centre, the centre welcomed its first clients in February.

With the government's offer to move the Mackenzie Art Gallery to the T.C. Douglas building, design plans are underway for a major renovation of this space. Relocating the art gallery into this building will cause some department moves, but the ultimate benefit will be a gallery housed in a fitting environment.

In March of 1988, the corporation began moving Economic Development and Tourism to the Saskatchewan Trade and Convention Centre in downtown Regina. Plans are for all departments and agencies involved in economic development to be relocated to the convention space by fall. Local and provincial government support for this project has brought considerable benefits to the province and Regina.

Two special projects undertaken by the corporation this year were the installation of exterior dome lighting for the Legislative Building and the development of a new Saskatchewan Coat of Arms.

A major public forum on Tourism and Buy Saskatchewan was initiated by the minister during the year, and the results of these conferences reflect we're on the right track with our Buy Saskatchewan program. Key indicators show that Saskatchewan manufacturers have been successful in replacing imports.

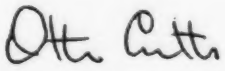
All who work for the corporation are proud of these 1987-88 results marking our second year of operation. However, past achievements provide only the foundation for growth. As a taxpayer, you are probably more interested in how we intend to build upon our successes in the future. So, I will share with you my vision for the company over the next year.

In keeping with the strategy of achieving a better balance between fiscal responsibility and service, we will strive to improve cost effectiveness and the realization of savings through sound financial and asset management. Our staff will become more accountable for the management of their work. Activities will be driven by our commitment to ensure value for money, economic development in the province and an increasing emphasis on customer satisfaction. We will continue to plan and position ourselves to increase productivity and profit. We are developing a client services group that will work to resolve and respond to customer needs. We will develop a strategic computer systems plan to identify lower processing costs and greater savings. Our real estate portfolio will be managed to minimize vacancies and achieve our master plan goals. These are the commitments that we make to you in 1988-89.

While a company's strength may be measured in financial terms, its level of enthusiasm and its prospects for the future can only be measured by the caliber of all the men and women who make up the corporation. I re-emphasize, above all, that the quality of work, the commitment and the strength of our people are the primary factors that have enabled us to make the successful transition from department to corporation.

These are truly exciting times for SPMC. We can look back with pride and ahead with confidence. We have a skilled and enthusiastic team of people who are working together to further the government's goals for the province of Saskatchewan.

We salute the Saskatchewan Property Management Corporation Board of Directors for their guidance and direction during the year.



Otto Cutts
President

## SPMC and its Business

The corporation has ended its second year of operation completing the transition from the former department of Supply and Services. In the first year, the corporation acquired properties under construction and began financing of capital projects. In this past year, all remaining real estate property, equipment and other assets were transferred to SPMC.

The Saskatchewan Property Management Corporation is a provincially owned Crown Corporation established in March 1986 to assume public works activities, real estate management and capital property financing for the Province of Saskatchewan. Service is provided primarily to departments and agencies in the areas of accommodation, transportation, mail delivery, photographic services, telephone co-ordination, printing, warehousing, distribution of supplies and procurement of commodities.

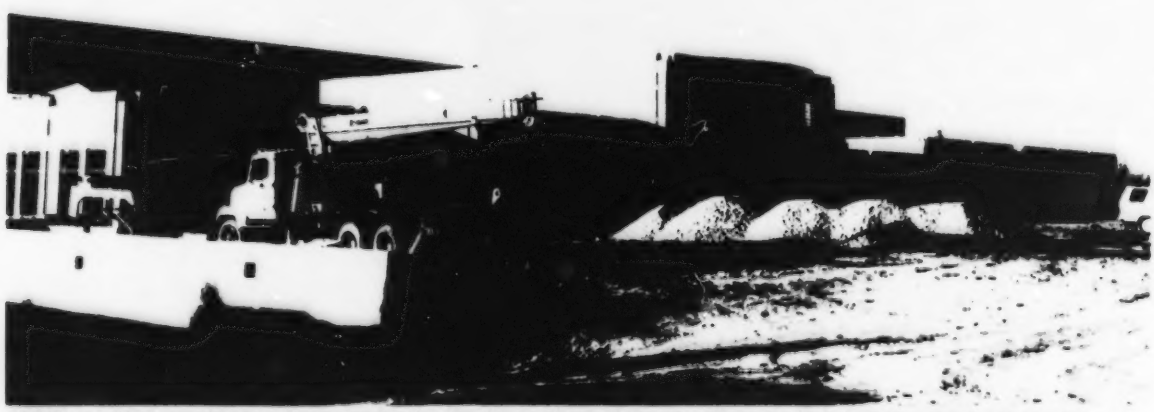
SPMC takes pride in having met the challenges and accomplishments of establishing an independent operating entity. We look forward to continuing to serve our clients with quality goods and services in a timely fashion. Our activities will be driven by our commitment to ensure value for money, economic development in the province and a high regard for all of our clients and stakeholders.

## Managing our Real Estate

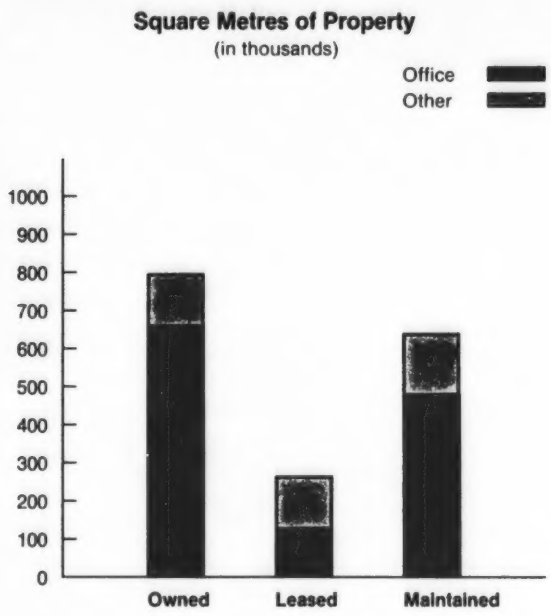
Managing our real estate portfolio is one of the more critically important functions of SPMC. The corporation is responsible for the overall management of over 1800 properties valued in excess of $550 million covering over 200 communities across Saskatchewan. The annual budget for maintaining and operating these properties exceeds $125 million.

In 1987-88, the corporation instituted a chargeback method to its government clients for the first time in Saskatchewan history. This approach has made clients accountable for this very significant cost element of their program, has led them to make informed decisions about their space and has enabled SPMC to enhance its efforts to secure quality space at cost effective prices.

Major efforts were directed at establishing the inventory of space for each client, reviewing the valuation of properties acquired and implementing a state of the art property management system geared at improving our response to clients and managing our investment.



*SPMC provided construction financing for the Province's share of the new Wascana Rehabilitation Centre in Regina. Phase Two of the $50 million project is scheduled to open in January 1989.*




Efforts have continued in long range space planning. During the year, space master plans were developed for 8 cities and 9 towns in the province. The plans are designed to reduce the overall space requirements in the upcoming years, reduce the vacancy rate and provide our clients with space suitable for programs delivered to the taxpayers of the province.

The property management successes in 1987-88 have made a significant contribution to the corporate bottom line. Approximately 90% of all buildings maintained by SPMC are now part of a planned, established program of preventive maintenance. New approaches and initiatives for energy management have also provided tangible benefits to the corporation. To cite a few examples, oxygen analyzers have been installed on large boilers resulting in a fuel reduction approaching 10%; air conditioners programmed for predetermined sequences have yielded significant savings during the cooling season; and venture capital agreements have been negotiated to upgrade energy management equipment.

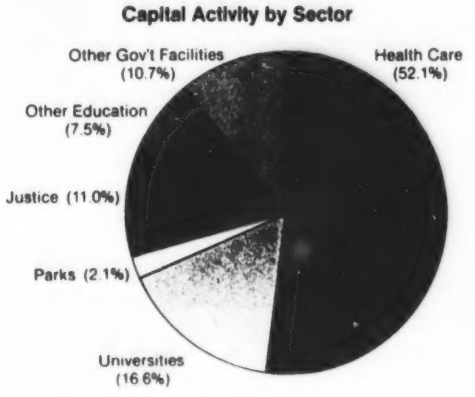
Like many other corporate responsibilities, the key to effective property management is our commitment to customer service. Extensive efforts were made during the year to enhance communication and working relationships with our clients. An Accommodation Manual outlining how SPMC does business was prepared and circulated to all clients. Information meetings were held with various levels of management throughout our client base. A Users Bulletin was developed to communicate key policies and contacts. Client service representatives were established to maintain these ongoing communications and to encourage a positive working relationship.

## Building a future for Saskatchewan

In 1987-88, SPMC continued its thrust to improve the planning and delivery of capital projects ensuring value for money on behalf of the government's capital investment.

In excess of $148 million was spent by SPMC in the current year for direct delivery and financing of capital projects. The value of these projects, when complete, will exceed $425 million, a significant contribution to the public facilities and to economic growth in Saskatchewan.

The majority of funding, $126 million, was directed to third parties for construction of health care and educational facilities. Another $22 million was directed to other government facilities. In total, approximately 1300 direct and 500 indirect jobs have been created through SPMC's capital activity.



Of significant mention is the acquisition of the former Canadian Forces Base at Yorkton which will be converted to a state of the art facility for treatment of teenage substance abuse. Court house renovations in Saskatoon and Regina were completed. Facilities were built throughout the Province to house the Young Offenders Program. Other projects were initiated including development of business resource centres and upgrading the parks and cultural facilities across the province. SPMC capital reaches to all sectors of our economy. We strive to achieve excellence in design and delivery of the facilities which serve the residents of Saskatchewan.

## Supporting Saskatchewan Business

Buy Saskatchewan assists Saskatchewan firms in capturing a larger share of the provincial market. A division of the Saskatchewan Property Management Corporation, Buy Sask is a results-oriented group of professionals with a mandate to enhance economic diversification in the province.

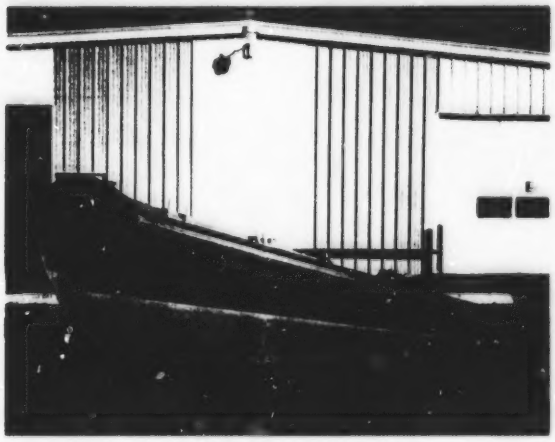
Starting with the demand side, the Buy Saskatchewan Agency identifies opportunities on capital projects and in public and private sector purchasing and negotiates a fair opportunity for Saskatchewan firms to compete for the work.

On the supply side, the agency works with Saskatchewan suppliers and manufacturers to make them aware of opportunities and to help them position themselves to take advantage of the opportunities. The agency provides marketing advice and assistance in completing qualification and tender documents and general business counseling.

It has assisted Saskatchewan firms in building a viable and flourishing furniture manufacturing sector. A dozen small local furniture manufacturers have developed quality products with competitive prices.

With support from the agency, 13 metal fabricators, who traditionally manufactured agricultural and other equipment were able to supply the NewGrade Co-op upgrader with approximately 6,000 tons of structural steel. For many, this was their first industrial structural steel contract.

Another success story is the design and manufacture of the first hospital bed produced in the province. Manufactured by Leons Manufacturing Ltd. of Yorkton, the bed has received the approval of many institutions, and the potential for sales is enormous. Not only is this a first for Saskatchewan, it is a first for Western Canada.



*Snow plow ... first of its kind manufactured in Saskatchewan by Hylar Precision Machine of Regina.*

*Piperack at the UpGrader fabricated by Linnevale Steel Ltd. of Saskatoon.*

Another first for Saskatchewan is the printing of a textbook being produced for Saskatchewan classrooms. Other examples include Brekmar's Fiberglass hopper car hatch covers. With initial contracts of $750,000, these hatch covers have excellent potential for export. Over the past year, three new clothing manufacturers have set up in the province and production is underway.

These are only a few examples of the hundreds of success stories that are a result of the work of the Buy Saskatchewan Agency.

## Servicing Government

A key component of the many services the corporation offers to government clients is our "quality policy". We want to ensure that, whether it's printing or purchasing, customers are given the best service possible. In keeping with that goal, the corporation offers attractive services to government clients at competitive prices.

We provide a diversity of services to our clients that includes purchasing of goods and services, disposing of government surplus, records retention, office supplies, mapping and surveying, air and ground transportation, print procurement, office furniture, maintenance and operation of government buildings, accommodation, mail and messenger service, printing and photo service.

SPMC also maintains a highly qualified trades staff who are without equal with respect to security and quality in the work they do. Special care is taken to ensure that renovations to the Legislative building are in keeping with its heritage status.

A special project for the corporation was the development of a new Coat of Arms for the Province of Saskatchewan. In the Legislative Chamber in Regina, the Governor General of Canada and the Lieutenant Governor of Saskatchewan formally inaugurated the Province's complete armorial achievement, approved by The Queen through a Royal Warrant.

*Saskatchewan Coat of Arms*

*The new design incorporates the original shield of arms authorized in 1906 and adds supporters of a lion and a deer, a crest showing the beaver and the Crown, and a motto on a compartment of western red lilies. The motto* Multis e gentibus vires *is Latin for "From Many Peoples Strength", reflects the multicultural heritage of Saskatchewan.*

Of special significance was the role played by our Photo Services staff during the Queen's visit in October. They helped produce a commemorative photo album of the Royal visit.

*Her Majesty Queen Elizabeth II and His Royal Highness the Prince Philip, Duke of Edinburgh, visited Saskatchewan from October 16 to 21, 1987. The Queen was the centre of attention for her Native people at Wanuskewin Park.*

Dedicated support for the corporation's commitment to our clients was provided by the Procurement division which ensures efficient purchasing procedures, effective inventory control programs and a co-ordinated supply system for print services, office supplies, technological systems and all goods and services needed by government.

## Leaders in Technology

Since its inception, SPMC has been improving its employee productivity through the strategic use of computer technology. Systems are used every day to help us better manage government accommodations, corporate finances, the government vehicle and aircraft fleets, the central purchasing process and our internal communications. Integrated applications deliver the information we need to operate in a cost effective, efficient, timely and financially responsible manner.

On behalf of the Government of Saskatchewan, SPMC also manages the more than 14,000 telephone lines used by government. A province-wide network of digital telephone switching devices ensures low cost communications with the public in all parts of the province.

*Office Automation leads the way. With work stations throughout the corporation, SPMC is supplying employees with personal productivity tools. Capabilities of the system include word processing, electronic mail, financial spreadsheet and desk management.*

Information technology across government is moving toward internationally recognized standards. This project, being managed by SPMC employees, will result in improved return on investment for government computer systems.

SPMC is providing leadership in the use of technology within the corporation and throughout government. From our state of the art interactive financial information and property inventory system to integrated office automation that enhances office worker productivity, SPMC is leading government.

## Meeting the Challenge with People

This past year saw many changes in SPMC resulting from the transition from department to corporation, continuing technological advances and changing client expectations.

SPMC has retained its position because our strength as a corporation is the vital and enthusiastic way our employees meet challenges.

During 1987-88, 110 corporation employees elected to take the early retirement program offered by government. We in the corporation express our sincere appreciation to these men and women for their efforts during their years with us.

Enhancing the professionalism and technical skill of all employees remains a priority and is reflected in continuous training activities for employees throughout the corporation. These included professional development conferences, Communicating for Effective Work Management, and the Management Access Program.

With a workforce of 1200 based in 200 communities across the province, the transfer from department to corporation required understanding and participation from all employees. Awareness of employee information needs resulted in regular meetings chaired by the president to answer employee questions.

Concern and awareness were also demonstrated in the development of an Employee Assistance Program which directs employees to meet with professionals to assist with personal problems. The program will be operational in the fall of 1988 and is being developed in co-operation with SPMC management and employees, the Saskatchewan Government Employees' Union and the Canadian Union of Public Employees local 600.

Because of the diversity of the corporation, our business is challenging. We intend to meet those challenges by strengthening our human resource assets to continually ensure an exceptional workforce.

*Barb Loveridge, one of 15 participants to the MAP program.*

*The Management Access Planning Program was designed by the corporation in response to the government's directive to increase the number of women in senior management throughout government. SPMC's program is unique in its career planning and the use of Vice-Presidents as mentors to the participants.*

## Financial Strength

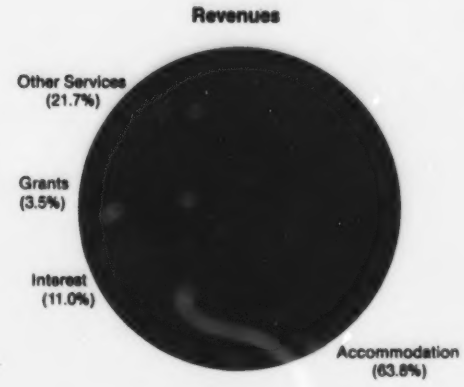
SPMC experienced a significant increase in its financial activities in the current year. On April 1, 1987, net assets of $343 million were purchased from the province coincidental with the assumption of operating responsibilities of the former Supply and Services. Acquisitions included over 1800 real estate properties, aircraft, vehicles, equipment, inventories, and supplies.

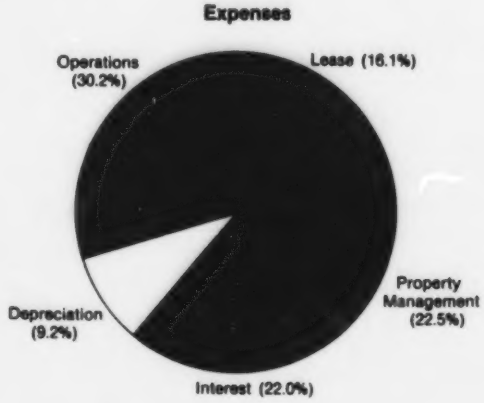
The year ending March 31, 1988 recorded an income of $24 million, an outstanding performance for the first operational year. These gratifying results were achieved through prudent fiscal management in operating facilities and in supplying goods and services. SPMC actively pursued revenue and expenditure options designed to achieve efficient delivery of service, while sustaining low cost service over the long term.

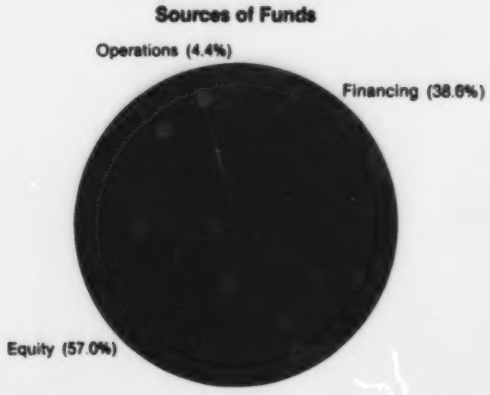
Capital construction remained an important component of activity, consuming $148 million for construction projects and loans for capital projects.

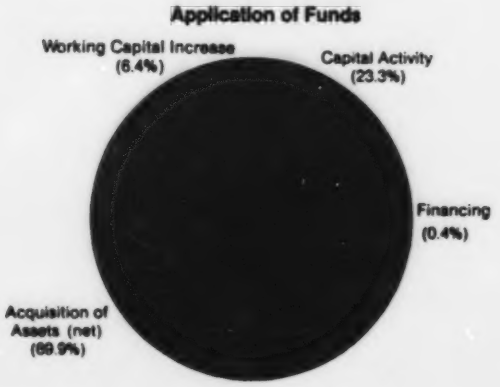
The cash flow from operating, investing and financing activities in 1987-88 resulted in a $14.7 million increase in the corporate cash position at the end of the year.

SPMC is pleased with the fiscal performance in 1987-88 and its success in laying a strong foundation for financial stability.



## Report of Management

The financial statements which follow have been prepared by management in conformity with accounting principles generally accepted in Canada and have been approved by the Board of Directors. Management uses internal controls and exercises its best judgment in order that the financial statements reflect fairly the financial position and the results of operations and changes in cash flow.

The corporation's accounting systems and internal control systems are designed to provide reasonable assurance that assets are properly safeguarded and that the financial records are reliable for preparing financial statements and other data and maintaining accountability for assets.

The financial statements have been examined by the corporation's external auditor whose report is set out below.

Shirley Raab
Vice President, Finance

To the Members of the
Legislative Assembly
Province of Saskatchewan

We have examined the statement of financial position of the Saskatchewan Property Management Corporation as at March 31, 1988 and the statements of income and retained earnings and of cash flow for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the corporation as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Auditors
June 17, 1988

## Saskatchewan Property Management Corporation
## Statement of Financial Position
As at March 31

| | 1988 | 1987 |
|---|---|---|
| | (Thousands of Dollars) | |
| **Assets** | | |
| Real Estate Investments (note 3) | $ 550,065 | $ 159,243 |
| Loans Receivable | 281,184 | 154,464 |
| Accounts Receivable | 33,209 | 6,297 |
| Equipment (note 4) | 33,551 | 2,126 |
| Cash | 4,209 | - |
| Other (note 5) | 7,534 | 374 |
| | $ 909,752 | $ 322,504 |
| **Liabilities and Equity** | | |
| Bank Indebtedness | $ - | $ 10,490 |
| Accounts Payable | 24,565 | 24,399 |
| Capital Lease Obligation (note 6) | 73,177 | - |
| Promissory Notes (note 7) | 240,836 | 181,993 |
| Long Term Debt (note 8) | 111,532 | 13,411 |
| | 450,110 | 230,293 |
| Province of Saskatchewan Equity (note 9) | 432,450 | 89,318 |
| Retained Earnings | 22,192 | 2,893 |
| Appropriation for Insurance | 5,000 | - |
| | 459,642 | 92,211 |
| | $ 909,752 | $ 322,504 |

(See accompanying notes to the Financial Statements)

## Saskatchewan Property Management Corporation
## Statement of Income and Retained Earnings
For the Period Ended March 31

| | 1988 | 1987 |
|---|---|---|
| | (Thousands of Dollars) | |
| **Revenues** | | |
| Accommodation | $ 146,270 | $ 7,638 |
| Interest | 25,222 | 10,152 |
| Grants | 8,102 | 600 |
| Other Services | 49,788 | 1 |
| | 229,382 | 18,391 |
| **Expenses** | | |
| Lease | 26,527 | - |
| Property Management | 37,065 | 1,961 |
| Interest - Capital Leases | 10,131 | - |
| - Other Debt | 26,068 | 10,161 |
| Depreciation | 15,059 | - |
| General Operations | 49,603 | 1,849 |
| | 164,453 | 13,971 |
| **Income Before the Following** | **64,929** | **4,420** |
| Participation Credit | 42,660 | - |
| Write down of Computer Equipment | - | 1,527 |
| Gain on Sale of Real Estate and Equipment | 2,030 | - |
| **Net Income** | **24,299** | **2,893** |
| **Retained Earnings, Beginning of Period** | 2,893 | - |
| **Appropriated for Insurance** | (5,000) | - |
| **Retained Earnings, End of Period** | **$ 22,192** | **$ 2,893** |

(See accompanying notes to the Financial Statements)

## Saskatchewan Property Management Corporation
## Statement of Cash Flow
For the Period Ended March 31

| | 1988 | 1987 |
|---|---|---|
| | (Thousands of Dollars) | |
| **Operating Activities** | | |
| Net Income | $ 24,299 | $ 2,893 |
| Non Cash Items Affecting Operations | | |
| Extraordinary Item | - | 1,527 |
| Depreciation | 15,059 | - |
| Gain on Sale of Real Estate & Equipment | (2,030) | - |
| Accrued Interest on Loans | (18,471) | (8,661) |
| Loans | (115,088) | (145,803) |
| Collection of Loans | 6,837 | - |
| Net Change in Account Receivable, Other Assets and Accounts Payable | (37,345) | 13,150 |
| | (126,739) | (136,894) |
| **Investing Activities** | | |
| Purchases of Real Estate, Capital Leases and Equipment | (434,570) | (158,318) |
| Sale of Real Estate and Equipment | 3,584 | - |
| | (430,986) | (158,318) |
| **Financing Activities** | | |
| Province of Saskatchewan Equity (note 9) | 343,132 | 89,318 |
| Proceeds from Promissory Notes | 58,843 | 181,993 |
| Proceeds from Long Term Debt | 99,418 | 14,576 |
| Capital Lease Obligation | 73,603 | - |
| Repayment of Long Term Debt | (1,297) | (1,165) |
| Repayment of Capital Lease Obligation | (1,275) | - |
| | 572,424 | 284,722 |
| **Increase (Decrease) in Cash for Period** | 14,699 | (10,490) |
| **Bank Indebtedness, Beginning of Period** | (10,490) | - |
| **Cash (Bank Indebtedness), End of Period** | $ 4,209 | $ (10,490) |

(See accompanying notes to the Financial Statements)

## 1. Status of the Corporation

The Saskatchewan Property Management Corporation was established under the Crown Corporations Act, 1978 by Order in Council #357-86 of 1986 and continues under the Saskatchewan Property Management Corporation Act, 1987.

The Corporation has been established to assume the public works activities, real estate management and capital property financing for third parties.

## 2. Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

a) Real Estate Investments
Properties transferred from the Province of Saskatchewan are accounted for at the value determined by Generally Accepted Appraisal Techniques.

Other Properties are accounted for at cost.

The Corporation capitalizes all direct costs relating to projects under construction. In addition the Corporation capitalizes a portion of general and administrative expenses and interest.

b) Loans Receivable
The Corporation charges interest on outstanding loans on a monthly basis. Loans are repaid following a predetermined amortization schedule.

c) Equipment
Equipment transferred from the Province of Saskatchewan is accounted for at depreciated historical cost.

Equipment purchased by the Corporation is accounted for at the lower of cost and net realizable value.

d) Depreciation
Depreciation on properties is recorded on a straight line basis over their estimated useful lives, commencing in the first fiscal year after acquisition or completion of construction. The estimated useful lives of the properties are between one and 80 years. The average useful life approximates 20 years.

Depreciation on equipment is recorded on a straight line basis over the expected service life of each asset ranging from two to five years.

e) Inventories
Inventories are accounted for at the lower of cost and net realizable value.

## 3. Real Estate Investments

| | Land | Buildings | Property Under Capital Leases | 1988 Total | 1987 Total |
|---|---|---|---|---|---|
| | | | (Thousands of Dollars) | | |
| In Operation | $ 47,464 | $ 424,581 | $ 70,440 | $ 542,485 | $ 141,622 |
| Under Construction | | 12,230 | | 12,230 | 17,621 |
| Held for Development | 1,029 | | | 1,029 | - |
| Held for Disposal | 1,570 | 290 | | 1,860 | - |
| | 50,063 | 437,101 | 70,440 | 557,604 | 159,243 |
| Accumulated Depreciation | | (3,609) | (3,930) | (7,539) | - |
| | $ 50,063 | $ 433,492 | $ 66,510 | $ 550,065 | $ 159,243 |

During the Period the following expenses were capitalized:

| | 1988 | 1987 |
|---|---|---|
| | (Thousands of Dollars) | |
| Interest | $ 870 | $ 2,888 |
| General and Administrative | 456 | - |
| | $ 1,326 | $ 2,888 |

## 4. Equipment

| | 1988 | 1987 |
|---|---|---|
| | (Thousands of Dollars) | |
| Vehicles | $ 30,128 | $ - |
| Aircraft | 6,097 | - |
| Other Equipment | 4,902 | 2,126 |
| | 41,127 | 2,126 |
| Accumulated Depreciation | (7,576) | - |
| | $ 33,551 | $ 2,126 |

## 5. Other Assets

| | 1988 | 1987 |
|---|---|---|
| | (Thousands of Dollars) | |
| Inventories | $ 5,235 | $ 300 |
| Prepaids | 1,634 | 74 |
| Work in Progress | 665 | - |
| | $ 7,534 | $ 374 |

## 6. Capital and Operating Lease Obligation

| Fiscal Year | Capital Leases | Operating Leases |
|---|---|---|
| | (Thousands of Dollars) | |
| 1988/89 | $ 14,191 | $ 30,479 |
| 1989/90 | 14,332 | 26,762 |
| 1990/91 | 14,493 | 25,006 |
| 1991/92 | 14,778 | 21,264 |
| 1992/93 | 14,990 | 20,072 |
| Subsequently | 201,394 | 127,767 |
| | $ 274,178 | $ 251,350 |
| Less Interest Implicit in Leases at an average rate of 13.54% | 137,238 | |
| Executory Costs | 63,763 | |
| | 201,001 | |
| | $ 73,177 | |

Capital leases expire at various dates up to February 1, 2012.

## 7. Promissory Notes

As at March 31, 1988, the Corporation had promissory notes outstanding of $240,836,000 (1987 - $181,993,000) due to the Province of Saskatchewan. These notes are due June 30, 1988 and have an average interest rate of 8.63% (1987 - 7.05%).

## 8. Long Term Debt

Province of Saskatchewan:

| Percent | Issue Date | Due Date | 1988 Balance | 1987 Balance |
|---|---|---|---|---|
| | | | (Thousands of Dollars) | |
| 9.75% | Feb 25/88 | Feb 25/93 | $ 49,787 | - |
| 10.00% (a) | Feb 2/88 | May 1 /98 | 49,631 | - |
| Crown Management Board: (b) | | | | |
| Loan, 12 1/4%, payable in monthly installments of $210,466, unsecured | | | 10,781 | $ 11,939 |
| Loan, 13%, payable in monthly installments of $26,518, unsecured | | | 1,333 | 1,472 |
| | | | $ 111,532 | $ 13,411 |

(a) This issue is retractable after 3 years, 3 months at the option of the investor. If option is not taken the interest rate for the remaining 7 years will be 10.25%. Interest costs are compounded semi-annually.

(b) Principal repayments required over the next five years, in thousands of dollars, are as follows:

1988/89 - $ 1,483
1989/90 - 1,668
1990/91 - 1,880
1991/92 - 2,118
1992/93 - 2,389

## 9. Province of Saskatchewan Equity

The Province of Saskatchewan has contributed equity to the Corporation through assets and liabilities transferred to the Corporation. The amount transferred in 1987/88 was $343,132,000 (1986/87 $89,318,000).

## 10. Commitments

As at March 31, 1988 the Corporation has the following significant commitments:

a) Construction Expenditures of $2,166,000
b) Third Party Loan Advances of $134,217,000
c) Equipment and Services of $4,475,000

## 11. Related Party Transactions

The Corporation received substantially all of its revenues from Saskatchewan Crown controlled departments, agencies, corporations and public institutions.

Included in these financial statements are expenses resulting from routine operating transactions conducted at prevailing market rates with various Saskatchewan Crown controlled departments, agencies and corporations with which the corporation is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled in normal trade terms.

## 12. Additional Information

a) School Board Funding
During 1986/87 the Corporation received $20,950,000 from the Consolidated Fund to provide funding for various school board construction projects. At March 31, 1988, $5,069,510 (1987 - $15,311,031) was unpaid and is included in Accounts Payable.

b) Loans Receivable
The agreements state that the Crown undertakes to pay the Corporation on behalf of the borrower, an annual grant equal to the annual installment of principal and interest. The borrower irrevocably authorizes and directs the Crown to pay annual amounts to the Corporation on its behalf to be applied in payment of principal and interest. In addition, the agreement provides that the borrowers' obligation to repay all installments of principal and interest as they become due shall be conditional upon the Crowns continued payment of the annual grant.

## 13. Comparative Figures

Certain 1986/87 information has been reclassified to conform to the 1987/88 presentation.

Comparative figures for the 1986/87 fiscal year reflect the operations for the period from March 25, 1986 to March 31, 1987. Administrative and support services provided by the Saskatchewan Department of Supply and Services in 1986/87 were not charged to the Corporation and consequently related expenses have not been reflected in the comparative figures provided for 1986/87.

*Saskatchewan Property Management Corporation Board of Directors. Standing Lorne Hepworth, Director and George McLeod, Director. Seated J. Gary Lane, Q.C., Vice Chairman and Graham Taylor, Chairman of the Board.*

## Senior Management

Otto Cutts
*President*

Scot Adams
*Vice President*
*Information Systems*

Art Battiste
*Vice President*
*Corporate Affairs*

Ian Laidlaw
*Vice President*
*Operations and Services*

Jim Penrod
*Vice President*
*Human Resource Services*

Ken Rankin
*Vice President*
*Realty*

Brian Eger
*Vice President*
*Facility Planning & Management*

*Shirley Raab*
*Vice President*
*Finance and Administration*

Alan Moffat
*Assistant Vice President*
*Buy Saskatchewan and Procurement*

Harry Stienwand
*Assistant Vice President*
*Security*

Tom Douglas
*General Manager*
*Buy Saskatchewan Agency*

John Turnbull
*Director*
*Central Survey and Mapping*

## Locations:

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